

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02
CIEP-02 LAB-04 SIL-01 OMB-01 IGA-02 AGRE-00 /069 W
-----160139Z 053765 /67

R 151956Z FEB 77
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 3230

UNCLAS QUITO 1060

JOINT EMBASSY/AID MESSAGE

DEPT PASS TO AID

E.O. 11652: N/A
TAGS: EC
SUBJECT: LOAN REQUEST FROM GOE MINISTRY OF AGRICULTURE

1. USAID MISSION IS IN RECEIPT OF REQUEST FROM MINISTRY OF AGRICULTURE (MOA) FOR A LOAN EXTENDING 518-L-033 FOR THREE ADDITIONAL YEARS AND INCREASING AMOUNT TO 12 MILLION DOLLARS. ESSENTIALLY WHAT GOE WANTS IS NEW FIVE MILLION DOLLAR LOAN COMPLEMENTING THE EXISTING 7.2 MILLION DOLLAR LOAN 033. GOE STATES THESE FUNDS ARE NECESSARY TO MAINTAIN RATE OF EXPANSION OF PRESENT SHORT CYCLE OIL CROPS AND CACAO PROGRAM AND TO ASSIST SMALL FARMERS. GOE IS WILLING TO CONSIDER MODIFICATIONS OF TERMS IN ANY NEGOTIATIONS TO REFLECT PRESENT CIRCUMSTANCES IN ECUADOR.

2. MISSION IS OF THE OPINION THIS TYPE OF ASSISTANCE APPROPRIATE TO AGRICULTURAL DEVELOPMENT NEEDS OF ECUADOR. HOWEVER, WE HAVE STATED TO GOE THAT, UNDER EXISTING PHASEOUT POLICY, USAID/E HAS NO AUTHORITY TO NEGOTIATE NEW PROJECTS IN COUNTRY. MOA'S RESPONSE WAS TO ASK USAID TO FORWARD REQUEST TO AID/W IN ANTICIPATION THAT UNCLASSIFIED

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NEW U.S. ADMINISTRATION MAY RESULT IN NEW POLICY TOWARDS ECUADOR. GOE ANXIOUS TO RESUME RELATIONSHIPS WITH AID AND LOOKS UPON THIS AS A TEST CASE.

3. DUE TO SUGGESTED NEW POLICIES FOR INTERMEDIATE INCOME COUNTRIES, SUCH AS ECUADOR, MISSION REQUESTS AID/W FULLY CONSIDER IMPLICATIONS OF ANY IMPEDING POLICY CHANGES

GOVERNING ASSISTANCE ON GOE'S REQUEST. OUR VIEW IS GOE IS VERY CONCERNED AND VERY ANXIOUS TO REOPEN LOAN WINDOWS TO SUPPORT ITS DEVELOPMENT EFFORTS AND HAS RECOGNIZED THAT THE TERMINATION OF THESE OPPORTUNITIES, PARTICULARLY IN BILATERAL PROGRAMS, HAS BEEN A SERIOUS SETBACK. THE VERY EXCELLENT MANNER IN WHICH THE GOE HAS IMPLEMENTED TWO LOANS (033 AND 034) IN THE PAST YEAR INDICATES ITS DESIRE TO REESTABLISH CREDIBILITY WITH INTERNATIONAL DONORS, AND THAT GOE CAN MANAGE AND IMPLEMENT LOANS ON A TIMELY BASIS AND EFFECTIVELY MEET ALL COMMITMENTS. GOE'S DESIRE TO REOPEN LOAN WINDOWS IS ESPECIALLY TRUE VIS-A-VIS USAID, LARGELY DUE TO THE FLEXIBILITY AND TECHNICAL BACKSTOPPING THAT IS OFFERED IN LOAN AGREEMENTS.

4. ALTHOUGH USAID IS PHASING OUT, WE STILL HAVE IN THE MISSION THE REQUIRED EXPERTISE TO NEGOTIATE SUCH A NEW PROJECT. ALSO, IF AID DECIDES TO REMAIN IN MIDDLE-INCOME COUNTRIES LIKE ECUADOR ALBEIT WITH HARDER LOAN TERMS, WE SHOULD CONSIDER THIS REQUEST WITH A EYE TO THE FUTURE. THIS APPLICATION COMES AT A VERY APPROPRIATE TIME; IF IT IS TO BE ACTED UPON AFFIRMATIVELY, CONTINUITY IN THE PROJECT COULD BE MAINTAINED.

5. ADVISE SOONEST WHETHER OR NOT USAID MAY COMMENCE DOCUMENTATION PROCESS FOR DEVELOPMENT OF NEW LOAN.
BLOOMFIELD

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NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: LOANS, FOREIGN ASSISTANCE, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Feb-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770054-0496
Format: TEL
From: QUITO JOINT
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770240/aaaabjop.tel
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Litigation History:
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Retention: 0
Review Action: RELEASED, APPROVED
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Review Date: 10-Nov-2004 12:00:00 am
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
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Status: NATIVE
Subject: LOAN REQUEST FROM GOE MINISTRY OF AGRICULTURE
TAGS: EFIN, EAID, EC, US
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Type: TE
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